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¶1. Ghana is not a regional financial center, but due to continuing turmoil in the region, Ghana's financial sector is likely to become more important regionally as it develops. Most of the money laundering found in Ghana involves narcotics and public corruption. Ghana is a significant transshipment point for cocaine and heroin. Police suspect that criminals use nonbank financial institutions, such as foreign exchange bureaus, to launder the proceeds of narcotics trafficking. Criminals can also launder their illicit proceeds through investment in banking, insurance, real estate, automotive import, and general import businesses. Reportedly, donations to religious institutions have been used as a vehicle to launder money. The number of advance fee or 419 fraud letters, known as Sakawa in Ghana, that originate from Ghana continues to increase, as do other related financial crimes, such as use of stolen credit and ATM cards.

¶2. Informal activity accounts for about 45 percent of the total Ghanaian economy. Ghana's 2000 census found that 80 percent of employment was in the informal sector. Only a small percentage of the informal economy, however, relies on the banking sector. Because some traders smuggle goods to evade tax and import counterfeit goods, black market activity in smuggled goods is a concern. In most cases the smugglers bring the goods into the country in small quantities, and Ghanaian authorities have no indication that these smugglers have links to criminals who want to launder money gained through narcotics or corruption.

¶3. Ghana has designated four free trade zone areas, but the Tema Export Processing Zone is currently the only active free trade zone. Ghana also licenses factories outside the free zone area as free zone companies. Free zone companies must export at least 70 percent of their output. Most of the companies produce garment and processed foods. The Ghana Free Zone Board and the immigration and customs authorities monitor these companies. Immigration and customs officials do not suspect that trade-based money laundering (TBML) schemes are a major problem in the free trade zones. Although the Government of Ghana (GOG) has instituted identification requirements for companies, individuals, and their vehicles in the free zone, monitoring and due diligence procedures are lax.

¶4. The GOG has developed new laws to stimulate financial sector growth, including the revision of the banking law to strengthen the operational independence of the Central Bank (Bank of Ghana).

The government is promoting efforts to model Ghana's financial system on that of the regional financial hub in Mauritius. In line with this, the GOG passed the Banking (Amendment) Act, 2007 Act 738, on June 18, 2007. The law establishes the basis for the provision of international banking services in Ghana and requires the Bank of Ghana to authorize offshore banks. Prior to this law, the Bank of Ghana licensed only reputable and internationally active banks. On September 7, 2007, Barclays Bank of Ghana Ltd., a subsidiary of Barclays Bank PLC, UK became the first to start operating as an offshore bank. The Bank of Ghana is in the process of drafting regulations for offshore banks. A Financial Services bill, which will provide the legal framework for the non-bank financial services component of the international financial services center, is before parliament and expected to be passed before the end of December 2008. To reduce the duplication in processes and information exchange, the law will also establish a Financial Services Authority which will absorb the functions of the National Insurance Commission and the Securities Exchange Commission. Ghana will therefore have two regulators for the financial services sector; Bank of Ghana will be responsible for all banking and deposit taking business, and the Financial Service Authority will handle all other financial services. The bill stipulates that the two institutions will establish a National Financial Services Coordination Committee to exchange information.

15. Nearly six years after drafting began, in January 2008 the Parliament passed Ghana's Anti-Money Laundering (AML) law. Accompanying regulations to the law have also been passed. The law covers obliged institutions and their reporting and disclosure requirements; the role of supervisory authorities; preventive measures; customer identification and record keeping requirements; and rules for suspicious transaction reporting. Ghana has bank secrecy laws, but allows the sharing of information with relevant law enforcement agencies. Law enforcement officials can compel disclosure of bank records for drug-related offenses. Bank officials have protection from liability when they cooperate with law enforcement investigations. The new AML law requires banks and individuals to report suspicious transactions.

16. The banking sector lacks a strong regulatory framework to prevent money laundering and report suspicious transactions, although entities recognize the importance of such a framework. The Bank of Ghana allows two types of foreign currency bank accounts: the foreign exchange (FE) account and the foreign currency (FC) account. The FE account is tailored to foreign currency sourced within Ghana while the FC account targets transfers from abroad. Bank of Ghana regulations instituted in December 2006 under the Foreign Exchange Act allow U.S. \$10,000 per year to be transferred from an FE account without documentation and approval from the Bank of Ghana. The regulations also allow import transactions of up to \$25,000 without initial documentation for FE accounts. There are no limits on the number of such transactions made on each account or on the number of such accounts that an individual can hold. The law does not permit foreign exchange bureaus to make outward transfers. Local banks strictly follow Know your customer rules. Ghana has no effective system to obtain data on an individual's dealings with all the banks in Ghana.

17. Ghana has a cross-border currency reporting requirement. However, Ghanaian authorities have difficulty monitoring cross-border movement of

currency. In an operation in 2008, the national security office detected that millions of dollars worth in foreign currencies have been entering Ghana through the Togo-Aflao border, which is basically repatriated money. The money is first transported from Ghana across the border undeclared and then returned through the same border but declared on the Foreign Exchange Declaration Form. This then allows the individual to take the money out of Ghana legally. In a bid to curb this, the Bank of Ghana directed that effective October 20, 2008, the highest sum of money permitted to be carried by an individual arriving in the country is \$10,000 or its equivalent. The directive was, however, ambiguous on whether amounts in excess of the \$10,000 should only come through the bank or can still be transported. This defeats the Foreign Exchange law purpose of ensuring that all money transfers above \$10,000 go through the banks for traceability.

¶8. The AML law calls for the establishment of a Financial Intelligence Unit (FIU), overseen by the National Security Council. Ghana plans to fund the FIU, which is yet to be formed, through government grants and donations. The FIU will not investigate crime but will gather and analyze intelligence to help in identifying proceeds of unlawful activity and the perpetrators of the crimes. The FIU will have the authority to obtain information from other government regulatory authorities and from financial institutions. The GOG arrested, and is currently prosecuting, a flight attendant and two accomplices in August 2008 and are currently under prosecution for attempting to launder #59,870. No arrests or prosecutions related to terrorist finance were made in 2008.

¶9. The Narcotic Drug Law of 1990 provides for the forfeiture of assets upon conviction of a drug trafficking offense. A February 2007 court order compelled authorities to release seized assets in a 1991 landmark narcotics trafficking case which resulted in a ten-year jail sentence of the convict, and return the assets to the owners. The ex-convict had appealed the seizure, arguing that the assets did not belong to him. The draft Proceeds of Crime Bill, pending since 2006, contains provisions dealing with pre-emptive measures, confiscation and pecuniary penalty orders, search and seizure, and restraining orders and realization of property. The draft Proceeds of Crime bill will merge with the existing Serious Fraud Office Law, 1993 (Act 466). The Serious Fraud Office, established by this law, investigates corruption and crimes that have the potential to cause economic loss to the state.

¶10. Ghana has criminalized the financing of terrorism, as required by United Nations Security Council Resolution 1373. The Anti-Terrorism Bill, which came before Parliament in 2005, was passed on July 18, 2008. The law addresses terrorist acts, support for terrorist offenses, specific entities associated with acts of terrorism, and search, seizure, and forfeiture of property relating to acts of terrorism. The law imposes a term of imprisonment of between seven years and twenty-five years for any offense under the law. The Bank of Ghana has circulated the list of individuals and entities on the UNSCR 1267 Sanctions Committee's consolidated list to local banks, but no Ghanaian entities have identified assets belonging to any of the designees.

¶11. Although current Ghanaian law does not allow for the sharing of seized narcotics assets with other governments, the Narcotic Drug Law of 1990 includes provisions for the sharing of information, documents, and records with other governments. It

also provides for extradition between Ghana and foreign countries for drug-related offenses. The United States has not requested financial investigative assistance from Ghanaian authorities.

¶12. Ghana is a member of the Inter-Governmental Action Group Against Money Laundering and Terrorist Financing in West Africa (GIABA), a regional body modeled after the Financial Action Task Force (FATF). Ghana has bilateral agreements for the exchange of money laundering-related information with the United Kingdom, Germany, Brazil, and Italy. Ghana is a party to the twelve UN conventions on terrorism, including the UN International Convention for the Suppression of the Financing of Terrorism. Ghana is a party to the 1988 UN Drug Convention, and the African Union Convention on Preventing and Combating Corruption. In June 2007, Ghana ratified the UN Convention against Corruption. Ghana has not signed the UN Convention against Transnational Organized Crime. Ghana has endorsed the Basel Committee's Core Principles for Effective Banking Supervision.

¶13. The GOG should move swiftly to implement the AML Bill, and should expand the list of predicate crimes to comply with international standards. The GOG should improve capacity among the agencies impacted, and establish its FIU. The GOG should make every effort to pass asset seizure and forfeiture legislation that comports with international standards as soon as possible. Once the laws are in place, Ghana should take the necessary steps to promote public awareness and understanding of financial crime, money laundering and financing of terrorist activities. Ghana should immediately release regulations and guidance for its new offshore entities, and draft legislation to ensure that offshore entities are treated identically to the onshore sector under the AML law. Additionally, the GOG should require that the true names of all offshore entities are held in a registry accessible to law enforcement. The GOG should increase cooperation and information sharing with other governments. Ghana should also become a party to the UN Convention against Transnational Organized Crime.

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